

# House Study Bill 166

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the eligibility for tax credits and income  
2 reductions for qualified expenditures under the film,  
3 television, and video project promotion program and providing  
4 effective and retroactive applicability date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1235DP 83  
7 tw/mg:sc/5

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1 1 Section 1. Section 15.393, subsection 2, paragraph a,  
1 2 subparagraph (2), Code 2009, is amended to read as follows:  
1 3 (2) A qualified expenditure by a taxpayer is a payment to  
1 4 an Iowa resident or an Iowa-based business for the sale,  
1 5 rental, or furnishing of tangible personal property or for  
1 6 services directly related to the registered project including  
1 7 but not limited to aircraft, vehicles, equipment, materials,  
1 8 supplies, accounting, animals and animal care, artistic and  
1 9 design services, graphics, construction, data and information  
1 10 services, delivery and pickup services, labor and personnel,  
1 11 lighting, makeup and hairdressing, film, music, photography,  
1 12 sound, video and related services, printing, research, site  
1 13 fees and rental, travel related to Iowa distant locations,  
1 14 trash removal and cleanup, and wardrobe. ~~For the purposes of~~  
~~1 15 this subparagraph, "labor and personnel" does not include the~~  
~~1 16 director, producers, or cast members other than extras and~~  
~~1 17 stand-ins.~~  
1 18 (i) For purposes of this subparagraph, "labor and  
1 19 personnel" includes compensation paid, in an amount not to  
1 20 exceed one million dollars each, to the principal producer,  
1 21 the principal director, and the principal cast members,  
1 22 provided that the principal producer, director, or cast member  
1 23 is an Iowa resident or an Iowa-based business.  
1 24 (ii) The department of revenue, in consultation with the  
1 25 department of economic development, shall by rule establish a  
1 26 list of eligible expenditures.  
1 27 Sec. 2. Section 15.393, subsection 2, paragraph c, Code  
1 28 2009, is amended to read as follows:  
1 29 c. ~~For tax years beginning on or after January 1, 2007,~~  
1 30 the tax year in which a qualified expenditure occurred, and  
1 31 for the ensuing three tax years, a taxpayer may claim a  
1 32 reduction in adjusted gross income not to exceed in a tax year  
1 33 twenty-five percent of the amount of the qualified expenditure  
1 34 for purposes of taxes imposed in chapter 422, divisions II and  
1 35 III, for payments received from the sale, rental, or  
2 1 furnishing of tangible personal property or services directly  
2 2 related to the production of a project registered under this  
2 3 section which meets the criteria of a qualified expenditure  
2 4 under paragraph "a", subparagraph (2).  
2 5 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
2 6 1. The section of this Act amending section 15.393,  
2 7 subsection 2, paragraph "a", applies retroactively to January  
2 8 1, 2008, for tax years beginning on or after that date.  
2 9 2. The section of this Act amending section 15.393,  
2 10 subsection 2, paragraph "c", applies retroactively to  
2 11 qualified expenditures made in tax years beginning on or after  
2 12 January 1, 2008.  
2 13 3. This Act, being deemed of immediate importance, takes  
2 14 effect upon enactment.  
2 15 EXPLANATION  
2 16 This bill relates to the eligibility for tax credits for  
2 17 qualified expenditures and deduction from income received from

2 18 certain qualified expenditures under the film, television, and  
2 19 video project promotion program.  
2 20 The program currently does not allow salary expenditures  
2 21 for directors, producers, and principal cast members to be  
2 22 counted as qualified expenditures under the program. The bill  
2 23 allows up to \$1 million in compensation for each of these  
2 24 persons to be counted toward a taxpayer's qualified  
2 25 expenditures if the person is an Iowa resident or Iowa-based  
2 26 business.  
2 27 The program also currently allows vendors to take a  
2 28 reduction in adjusted gross income for qualified expenditures  
2 29 in the same year as the expenses are incurred. The bill makes  
2 30 the credit available for the tax year in which the  
2 31 expenditures were incurred and for three ensuing tax years.  
2 32 The bill provides effective and retroactive applicability  
2 33 date provisions.  
2 34 LSB 1235DP 83  
2 35 tw/mg:sc/5.1